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FOR S/CT RHONDA SHORE AND ED SALAZAR

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SUBJECT: CANADA: 2005 COUNTRY REPORT ON TERRORISM

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1. Unclassified entire text.

GENERAL ASSESSMENT

2. The Government of Canada remained steadfast in 2005 in partnering with the United States and other like-minded states to support the international fight against terror. With a 5,200 mile undefended border, Canada is one of the most important partners the U.S. has in the war on terror and the level of integration and cooperation has a very direct impact on U.S. security. Overall, antiterrorism cooperation with Canada remains excellent and may be unique in the world for the depth and breadth of contact between our two countries.

3. Canada has contributed steadily to military activities in the global war on terror, through participation in coalition maritime interdictions in the Arabian Sea and Operation Enduring Freedom and NATO's International Security Assistance

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Force (ISAF) in Afghanistan. As of December 2004, approximately 700 CF troops were stationed in Kabul in support of the NATO-led ISAF VI. In August 2005, Canada augmented its contribution under OEF with a Canadian Provincial Reconstruction Team comprised of military, civilian and police personnel, in Kandahar. Approximately 200 Canadian personnel are located in the United Arab Emirates, where they provide airlift and logistics support to deployed troops in the Southwest Asia theater. Although Canada chose not to join Operation Iraqi Freedom, it has pledged USD 280 million to the reconstruction of Iraq and has also given USD 18 million to help with the January 2005 Iraq transitional elections. In addition Elections Canada led the international monitoring effort for all three rounds of the Iraqi elections.

4. Canada has been proactive in all international fora which deal with terrorism. It has signed and ratified all 12 UN conventions and protocols and has listed all terrorist entities designated by the UN. Canada was instrumental in drafting and negotiating the Inter-American Convention Against Terrorism in December 2002, and was the first country to ratify the treaty. Canada has been an active participant in the Inter-American Committee Against Terrorism (CICTE), most recently promoting the international UN conventions and protocols on terrorism and working closely with other hemispheric partners to develop and provide capacity-building assistance and training at the last CICTE meeting in Trinidad & Tobago in February 2005.

5. Canada implements terrorist finance listings in compliance with UN requirements and coordinates closely with the United States on plans to freeze assets. Efforts to counter terrorist financing include implementing UNSCR 1373, promoting the Special Recommendations on Terrorist Financing of the Financial Action Task Force, and actively participating in the G-7, G-8, G-20, and Egmont Group. In July 2006 Canada will assume the presidency of the Financial Action Task Force. Canada has its own financial intelligence unit, FINTRAC, which was created in 2000 to collect, analyze, and disclose financial information on money laundering and terrorist activities. FINTRAC has reported some two dozen cases but no criminal prosecutions have been undertaken.

6. U.S.-Canadian cooperation on counter-terrorism is excellent, with extremely close contact from the ministerial level all the way down to provincial and state law enforcement officials. There are a number of established enforcement officials. There are a number of established bilateral fora for coordination, including the Cross Border

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Crime Forum's Terrorist sub-group and the Security and Prosperity Partnership of North America, and large-scale counter-terrorism exercises such as Topoff 3. There is also extensive cross-border cooperation at the local level between state and provincial authorities and between border towns.

7. Amidst this close cooperation there is one area that requires attention. Since the removal of Canadian terrorist suspect Maher Arar to Syria after his interception by U.S. authorities in New York in 2002, Canadian sharing of information with the United States has been restricted. Some Canadian authorities were blamed for facilitating Arar's deportation and subsequent torture in Syria and officials at all levels have since been reluctant to proactively share information, especially on Canadian citizens, that was previously part of a routine background exchange. The U.S. and Canada need to develop a mechanism to ensure Canadian concerns are satisfied in such a way that information can continue to be freely shared and disseminated.

INFORMATION ON TERRORIST GROUPS/SAFE HAVEN

8. An August 2002 report by the Canadian Security Intelligence Service states that "with the possible exception of the United States, there are more international terrorist organizations active in Canada than anywhere in the world." It divides terrorist threats in Canada into four categories: 1) religious extremists, "with various Sunni Islamic groups being the most serious threat at present"; 2) state-sponsored terrorism; 3) secessionist violence, "which encompasses Sikh extremism, and separatist movements in Sri Lanka, Turkey, Ireland and the Middle East; and 4) domestic extremism, including some anti-abortion, animal rights, anti-globalization, and environmental groups, "a small but receptive audience for militia messages from the U.S., and white supremacists."

9. The report suggests that the reasons for the plethora of terrorist groups in Canada are "Canada's proximity to the United States which currently is the principal target of terrorist groups operating internationally; and the fact that Canada, a country built upon immigration, represents a microcosm of the world." It goes on to say that "terrorist groups are present here whose origins lie in regional, ethnic, and nationalist conflicts, including the Israeli-Palestinian dispute, as well as those in Egypt, Algeria, Sudan, Afghanistan, Lebanon, Northern Ireland, the Punjab, Sri Lanka, Turkey, and the former Yugoslavia."

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10. According to CSIS, among the specific groups that have front organizations acting on their behalf or have active supporters in Canada, are: "Hizbollah and other Shite Islamic terrorist organizations; Hamas; the Egyptian Al Jihad and various other Sunni Islamic extremist groups from across the Middle East and Maghreb; the Provisional Irish Republican Army (PIRA); the Tamil Tigers (LTTE); the Kurdistan Workers Party (PKK); and all the world's major Sikh terrorist groups." Finally, the CSIS report states that "some supporters of the international Islamic Jihad cause are also present in Canada, with a few of them possibly linked to Al Qaida."

11. CSIS points out that most terrorist activities in Canada are "in support of actions elsewhere linked to homeland conflicts," and that Canada is primarily a base for terrorist supporters, many of whom "use the refugee stream to enter Canada, or immigrant smuggling." Their activities include "fund-raising, lobbying through front organizations, procuring weapons and material, coercing and manipulating immigrant communities, and facilitating transit to and from the United States and other countries."

12. Some 38 terrorist groups are officially banned in Canada (full list at www.PSEPC.gc.ca), including prominent Middle Eastern organizations, Latin American groups, and Sikh movements, among others. Prominently missing from the list is the Tamil Tigers (LTTE). This has been a matter of considerable debate in the government of Canada, and appears to some analysts to be based on political considerations, as the 200,000 person Tamil community in Canada is one of the largest in the world, and is centered around Toronto in ridings currently held by the Liberal Party. While the GOC does not allow known LTTE members to enter Canada, and the LTTE has been officially listed in Canada in support of UN Security Council Resolution 1373 since 2001, the Government of Canada has not banned the group under Canada's Anti-Terrorism Act.

FOREIGN GOVERNMENT COOPERATION

13. The Government of Canada actively seeks to improve its own counter-terrorism capabilities and its cooperation with the United States through a series of policy, legislative, judicial, and operational measures.

Policy

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14. In December 2003, the Government of Canada established the Department of Public Safety and Emergency Preparedness (PSEPC), Canada's closest equivalent to the US Department of Homeland Security, and gave it the mandate of protecting Canadians from criminals and terrorists. This was followed in April 2004 with the release of the federal government's national security statement -- "Securing an Open Society: Canada's National Security Policy." This policy statement identified three key goals and the means to support them: 1)

Protecting Canada and Canadians at home and abroad; 2) Ensuring Canada is not a base for threats to allies; and 3) Contributing to international security. The security policy statement also allowed for consultative mechanisms to be established to allow for a permanent, high-level provincial-federal forum on emergencies with a regular strategic discussion on emergency management issues among key players; a National Security Advisory Council; and a Cross-Cultural Roundtable on Security, to better engage Canada's ethnic minorities and religious communities on security-related issues. The latter was strengthened and utilized in the wake of the London bombings. In general, Canada's program for integrating minorities and new immigrants socially and economically is one of the best in the world, which is why the country does not appear to have the large numbers of potentially disaffected youth and radicalized communities that are common elsewhere.

Legislative

15. In the wake of the September 11 attacks, Canada passed on December 18, 2001, an Anti-Terrorism Act, which strengthened its ability to identify, deter, disable, prosecute, convict, and punish terrorist groups. It also provided investigative tools for Canadian law enforcement agencies while building in substantial safeguards to privacy and due process. Because of the rapid passage of the bill in the wake of the 9/11 attacks, certain sunset clauses were built in (e.g. a five-year limit on the clause regarding preventative arrest and investigative hearing powers in section 83.32). A requirement for review after three years was also part of the legislation. The House of Commons adopted a motion on December 9, 2004 authorizing the subcommittee on Public Safety and Public Security (SNSN) to undertake a review of the legislation, and the Senate on December 13, 2004 set up a Special Committee to review the law. These committees have started their work, which will take over a year to complete.

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Additionally, the Minister of Public Safety and Emergency Preparedness (PSEPC) is required under subsection 83.31 (3) of the Criminal Code to prepare and submit to Parliament an annual report on its power under the Anti-Terrorism legislation to engage in preventative arrest. This power has not yet been used.

16. Only one person has been arrested under the Anti-Terrorism legislation to date -- Mohammed Momin Khawaja -- who was charged on March 30, 2004 of terrorist activity in Canada and England. The investigative hearing provisions of the Act have been used once -- in the Air India case -- but the witness in that case challenged the requirement to provide compelled testimony. Because of the sparse application of the bill its supporters contend that it is not being used as effectively as it might and believe it should be made retroactive in order to cover offenses committed before the Act was passed. Critics, especially in the Arab and Muslim communities, believe it could be used to target certain groups based on ethnicity or background and seek its repeal. At the heart of the debate are questions about the definition of terrorism, and how to define "intent," in a way which does not clash with Canada's Charter of Rights and Freedom, which aggressively defends political and religious expression.

17. An additional piece of legislation that deals with aspects of terrorism is the Public Safety Act of 2002, which Qaspects of terrorism is the Public Safety Act of 2002, which received Royal Assent on May 6, 2004. This act has raised some privacy concerns and Canada's federal Privacy Commissioner has charged that the government has used the issue of terrorism to intrude on the lives of Canadian citizens by gathering information such as flight passenger data and electronic surveillance. The government introduced new legislation in the fall of 2005 that would require advanced communications companies to build into their commercial systems the means to tap and record conversations and transmissions. The measure also raised privacy concerns and was not passed before the Parliament dissolved in November 2005 for national elections.

18. The government was successful, however, in passing Trafficking in Persons legislation, which received Royal Assent on November 25, 2005. The amendment makes trafficking in persons a specific criminal offense and prohibits global trafficking in persons, benefiting economically from trafficking, and withholding or destroying documents to facilitate trafficking in persons.

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Judicial

19. The most significant terrorist act in Canadian history was the June 23, 1985 bombing of Toronto origin Air India Flight 182 off the Irish coast. The attack resulted in 329 deaths and was blamed on Sikh terrorists fighting for an independent homeland. The Air India case dragged on for years, a victim of bureaucratic squabbles and investigative missteps. On March 16, 2005, a British Columbia Supreme Court Justice found Sikh separatists Ripudaman Singh Malik, and Ajaib Singh Bagri not guilty of planting the bomb, largely because of credibility problems with witnesses. The outrage from families of the victims led to calls for a commission of inquiry into the bombing, which will be led by former Ontario Premier Bob Rae. He will have until March 31, 2007 to submit his final report. Rae has been directed not to look into the misconduct of individual officials, but rather the systemic issues that need to be addressed, among them: was the pre-1985 assessment of Sikh terrorism adequate; was the response of Canadian agencies to the bombing well coordinated; are terrorist financing laws adequate; are there problems in RCMP and CSIS coordination; and how should the government manage the issue of security intelligence that is also criminal evidence? The issue of coordination and information-sharing between the RCMP and CSIS had largely to do with how to utilize information gathered in an intelligence case as evidence in a criminal prosecution. This remains an unresolved issue for Canadian law enforcement and counter-terrorism officials.

20. Another high-profile judicial terrorism case in 2005 was that of Ahmed Ressay, the "millennium bomber," who was caught by an astute American border guard in December 1999 attempting to bring bomb-making materials into the U.S. from Canada. The Algerian-born immigrant had been denied asylum in Canada but had been living in Montreal for seven years and used false identification to obtain a Canadian passport under an assumed name. Ressay was identified as a member of the Algerian Armed Islamic Group (GIA), and convicted in 2001 on nine counts associated with the bomb plot. Sentencing was repeatedly delayed because he provided information against other suspects, notably Samir Ait Mohamed. On July 27, 2005, he was sentenced to 22 years in jail.

21. Many suspected terrorists who do not possess full Canadian citizenship, have been dealt with by the issuance of security certificates issued under the Immigration and Refugee Protection Act (IRPA), which has been a part of immigration policy since 1978. Since 1991, 27 certificates

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have been issued, of which five were issued since September 11, 2001. These five are:

- Mohammed Mahjoub, member of Vanguard of Conquest (VOC), a radical wing of the Egyptian Islamic Jihad.
- Mahmud Jaballah, senior member of the Egyptian Islamic terrorist organization al-Jihad and Al Qaeda.
- Hassan Al Merei, suspected Al Qaeda member.
- Mohammed Harkat, suspected Al Qaeda member.
- Adil Charkaoui, suspected Al Qaeda member. Charkaoui was released in February 2005 on C\$50,000 bail, and is fighting deportation to his native Morocco. Charkaoui denies ties to terrorists, but al-Qaeda members Abu Zubaida and Ahmed Ressam claim they met him at an Afghan training camp in 1998. Charkaoui's claim that the security certificate violates the Charter of Rights and international law was dismissed by a Federal Court judge but the Canadian Supreme Court agreed in August to hear the case.

22. Canada's most prominent terrorist family is the Khadr, whose father Ahmed Said indoctrinated his children to be jihadis, taking them to Afghanistan to train with and ultimately fight with, the Taliban. Ahmed Said was killed by Pakistani security forces in South Waziristan in 2003. His youngest son Omar was detained after a shoot-out with U.S. forces in Afghanistan in July 2002 in which a U.S. soldier was killed and another soldier seriously wounded. He is currently being held in Guantanamo. Khadr's second son Abdurahman, 22, was detained by U.S. security forces in 2001 in Afghanistan and was held in Guantanamo before being returned to Canada in 2003. He is currently living in Scarborough, and was denied the issuance of a Canadian passport on national security grounds, which he is in the process of appealing. The eldest son, Abdullah, 24, recently returned from Pakistan where he was being held by Pakistani security forces. He is suspected of once running a training camp in Afghanistan.

Operational

23. Day-to-day cooperation between the US and Canadian law enforcement and intelligence agencies on counterterrorism is

close and continuous, and plays out in joint planning, exercises, and operations. Canada cooperates closely with the United States on investigations, and there is a heavy volume of extradition requests between the two countries. Canadian privacy laws, limited resources, and criminal

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procedures are more favorable to the defendant than in the United States, however, which could occasionally inhibit a more full and timely exchange of information and may benefit supporters of terrorism.

24. Canada and the United States engage in a wide range of ongoing planning discussions on counterterrorism. The US Attorney General and Canada's Minister for Public Safety and Emergency Preparedness and Minister of Justice coordinate key policy initiatives through the Cross Border Crime Forum, whose Terrorist sub-group met in June 2005 in Ottawa and December 2005 in Washington. There are also ongoing efforts to improve implementation of provisions of the Smart Border Accord. Finally, there are discussions at multiple levels through the Security and Prosperity Partnership of North America, which provided an extensive report to leaders in June 2005 that outlined a detailed work plan for all aspects of hemispheric security and has led to the establishment of a series of working groups to manage individual issues.

25. As part of the Ridge-Manley 30 point "Action Plan for Creating a Secure and Smart Border," the U.S. and Canada agreed to expand pre-existing Integrated Border Enforcement Teams (IBETs) to more fully cover the length of the border. By 2005 there were 15 IBETs in operation on both sides of the border, which included participants on the Canadian side from the RCMP and Customs and Border Security Agency, and on the U.S. side from Customs and Border Patrol, Immigration and Customs Enforcement, and the U.S. Coast Guard. The capabilities of the IBETs are progressing, but are hampered by lack of adequate funding, integrated communications, and a legal framework that solves the problem of cross-border weapons carriage by enforcement officers. Resolution of these issues would allow these units to move beyond a platform for information exchange to fully functional joint operations.

26. There were a number of exercises in 2005 to test our joint response to terrorist attack. In April 2005, Canada, the U.S. and the U.K. held a large-scale exercise -- Topoff 3 -- which brought together 10,000 participants from more than 200 federal, state, local, and private sector agencies and organizations to review policies and procedures for managing a large-scale, multipoint bio-terrorist attack. Other small exercises, such as a cross-border drill between Quebec and Vermont in October 2005, revealed communications problems and provided local and state/provincial officials the opportunity to improve their ability to respond jointly to an emergency. There is also extensive cross-border cooperation at the local level between state and provincial authorities and between

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border communities.

27. Canada has also been active in international efforts to improve the capacity of key countries to respond to terrorism. In the fall of 2005 it began the Counter-Terrorism Capacity Building (CTCB) program under Foreign Affairs Canada. This program will bring together 19 federal departments and agencies to share Canadian expertise in areas such as border security, transportation security, anti-terrorism financing, legislative drafting, legal policy and human rights, and counter-terrorism and intelligence training.

28. To better coordinate its own efforts to monitor and control terrorist activity, the GOC in October 2004 inaugurated the Integrated Threat Assessment Centre (ITAC). ITAC's primary objective is to produce comprehensive threat assessments which are distributed within the intelligence and law enforcement communities and to first responders. These assessments are based on intelligence and trend analysis, and evaluate both the probability and the potential consequences of threats. ITAC is housed within CSIS headquarters in Ottawa and includes representatives from PSEPC, CSIS, CBSA, Foreign Affairs, DND, and the RCMP. ITAC has liaison arrangements with the U.S., UK, Australia, and New Zealand.

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